

# **THE LEONARD LETTER**

*A weekly electronic newsletter about  
California government, business and taxes  
Bill Leonard, Member  
State Board of Equalization*

*October 2, 2006*

## **QUOTE OF THE WEEK**

*“If America is destroyed, it may be by Americans who salute the flag,  
sing the national anthem, march in patriotic parades, cheer Fourth of  
July speakers – normally good Americans, but Americans who fail to  
comprehend what is required to keep our country strong and free,  
Americans who have been lulled away into a false security.”*

*-- Ezra Taft Benson*

*(1899-1994) U.S. Secretary of Agriculture 1952-1960*

## **AROUND THE STATE**

### **\*\*\*That's the Way It Isn't\*\*\***

Last week the LA Times ran a story about the Governor signing legislation by Assemblyman Bill Emmerson (R-Rancho Cucamonga) that will allow vehicle owners who registered in another state to be able to return to California for the sole purpose of getting maintenance done; and to do so without triggering a California Use Tax obligation for “using” the vehicle in the state less than one year after purchasing it. The author of the Times piece takes the position that this law opens up a massive loophole for scofflaws. This is not at all true.

Two years ago, Assemblyman Lloyd Levine (D-Van Nuys) introduced a bill that became law that made it harder to avoid the Use Tax by extending the amount of time a vehicle, vessel or aircraft would have to be kept out of state after purchase from six months to one year. Levine's legislation included an exemption for service or repairs – but only for boats and planes. Assemblyman Emmerson brought his bill before the Legislature to give RVs and other vehicles the same ability to get service in California that planes and boats have under the Levine law. Assemblyman Levine testified in committee, and on the floor, that it was an oversight that recreational vehicles were not included in his original bill. The Emmerson bill passed easily.

Why then, did the LA Times get it so wrong? As far as I can tell, it is because the Times relied exclusively on the testimony of a Deputy Attorney General Robert Morgester. I was at the Revenue and Taxation hearing when Morgester testified. When pressed, Morgester admitted the Attorney General was not taking a position on the bill and that he,

Morgester, was there representing only himself, as a private citizen. Yet the Times identified Morgester by his official title, giving the impression that the A.G.'s office opposed the bill and then quotes Morgester saying, "This exception is going to swallow any ability we have to investigate."

This doomsday language should have been a clue to any reporter that the bureaucrat was exaggerating the situation. The fact is the new law requires those bringing an RV into the state for maintenance to fully document the activity. So if, for example, a CHP officer notices that someone has a California drivers' license but has another state's plate on their car, the CHP is still going to refer the matter to the DMV and DMV is still going to challenge the owner for Use Tax liability just like before, unless the owner can provide full documentation of the service work.

Bottom line, this law has no effect whatsoever on anyone's ability to investigate anybody.

### **\*\*\*Headlines Lie\*\*\***

We all know of story headlines that are funny or embarrassing as they have been fodder for late night comedy shows for decades. We also know that headlines can mislead. I would add that they also can be totally false. Of course, reporters do not write headlines and often do not see them until they open the paper after its printed, so the problem lies with editors. An example this week made me wonder if I was at the same meeting.

The Contra Costa Times published a story by Rick Jurgens that summarized the Board of Equalization's lengthy process of rule making. The headline read "Oil refineries lose bid to lessen taxes." The truth is that oil refineries opposed a bid to increase their taxes. The headline was not even close to being accurate or fair.

In these times of high gasoline prices, it could be galling for oil refineries to not pass along some share of that wealth in the form of property taxes. That is, if that was what they were doing. But in these times of high gasoline prices for oil refineries to fight efforts by County Assessors to raise their taxes and their prices is much more a justified defense of their companies and their customers.

If readers stopped at the headline they would learn that the evil oil companies are pretty greedy. But if you read the story carefully you would come away asking why government always seems to want to raise people's taxes. And the mainstream media wonders why the public trusts them less and less.

## **ISSUE FOCUS**

### **\*\*\*Mapping Traffic Woes\*\*\***

If you think traffic is bad now, imagine the congestion in 2030 when we have added at least another 10 million people to our population. If your imagination is not that fertile, then go to

<http://www.reason.org/ps346/ca.shtml>

where you can read the California portion of the Reason Foundation's "Mobility Project." Here you learn what it would take to build our way out of the congestion—yes, that's right, we could actually build roads. The cost is monumental: to add the 13,100 lane-miles our state needs, would cost about \$122 billion. That works out to about \$139 per resident per year. Of course, that is the highest amount needed in the nation, and not just because we need the most lane-miles. Consider that Texas needs about the same amount of new lane-miles, but that would cost them only \$49 billion because of the lower cost of land and construction. What Reason points out that is so important to remember is the value of making these changes to you, the average California driver, who now wastes so much time sitting in traffic. To learn more about this subject, pick up a copy of this week's Good Read, below.

### **\*\*\*Press Kudos\*\*\***

Kudos to Chris Reed of the San Diego Union-Tribune for this explanation of one end of the political spectrum in the Golden State:

"In California, the traditional, principled notion of liberalism -- using government to help the poor; keeping the powerful from milking society; expanding opportunities for the less privileged, etc. -- almost always takes a back seat to a peculiar form of raw power politics -- primarily intended to benefit the slice of the middle class that works for local and state government, as well as trial lawyers -- that masquerades as something much more idealistic. And so Dems think nothing of killing a pioneering solar power initiative because it would have made Arnold look good, to use one of hundreds of examples."

Many of those examples can be seen in the television ads running the current campaign. You will not have to tune in too long to find one.

## **MISCELLANY**

### **\*\*\*Scoring Extra Points\*\*\***

Last week in the Dates section, I offered extra points to readers who knew about the two Constitutional amendments proposed by James Madison and approved by Congress on September 25, 1789 but were not ratified by the states in 1791 like the other ten that became known as the Bill of Rights. Unfortunately, no one took me up on the challenge. One of those proposals dealt with apportionment of the House and was designed to prohibit Congress from reducing the number of Representatives. It was never ratified, but the current number of Representatives, 435, was set by statute. The second of Madison's

articles not approved in 1791 was finally ratified on May 7, 1992. It is now the 27<sup>th</sup> Amendment and allows that no pay raise for Senators or Representatives can take affect until after the next election.

### **\*\*\*California County History\*\*\***

Tehama County was created in 1856 and named for the city of Tehama. “Tehama” has three potential derivations: the Arabic word “Tehama” meaning “hot low-lands,” the Mexican word “tejamanil” meaning “shingle,” or the word for “high water” from the dialect of local Indians.

Tehama County was home to the only president of the California Republic, William B. Ide. Ide and his family had spent a miserable winter of 1845 with three men in a log cabin. During that time, a rumor spread that the Mexican government planned to evict illegal American settlers. In the spring of the following year, Ide joined with several other Americans and marched on Sonoma, capturing Mariano Vallejo, the Mexican Comandante of Northern California, without firing a shot. The Bear Flag was raised on June 14, 1846 and the California Republic was declared. Ide was chosen as the Republic’s leader, but about three weeks later, the revolutionaries learned that the U.S. had declared war on Mexico. On July 9th, down came the Bear Flag and up went the Stars and Stripes. Ide and his companions joined with U.S. forces to capture the rest of California. When the U.S prevailed, Ide returned to his Rancho de la Barranca Colorada near what is now Red Bluff. He made his fortune in the Northern Mines between the discovery of gold in 1848 and the Gold Rush of 1849. His Rancho is now a historical site at the William B. Ide Adobe State Historical Park.

### **\*\*\*A Good Read\*\*\***

I heard Los Angeles County Supervisor Yvonne Brathwaite Burke on the radio today saying that people who drive on the I-10 freeway everyday would understand the importance of expanding a rail line along the corridor. I could not help but think that people sitting in traffic on the freeway would rather hear about expansion of the freeway than new train lines. Which leads me to recommend a brand new book: “The Road More Traveled: Why The Congestion Crisis Matters More Than You Think, and What We Can Do About It” by Samuel Staley and Ted Balaker. It is available on Amazon.com. The book is easy to read, but offers an enlightening view of an everyday problem that plagues us. Staley and Balaker explain how congestion affects nearly every aspect of our economy and society, and they offer policy alternatives that are, sadly, not adequately debated by our legislature. I particularly commend the book to Supervisor Burke and those who share her belief in redirecting people to trains, but anyone who appreciates common sense will appreciate “The Road More Traveled.”

## **BOE AND LEGISLATIVE DATES**

**October 5, 2006** --- Free Tax Seminar for Nonprofit and Faith-based organizations in Ontario/Chino. For more information/registration, go to:  
<http://www.boe.ca.gov/sutax/nonprofitsched.htm>

**October 9, 2006** --- First day absentee ballots will be mailed to those who have requested them.

**October 9, 2006** --- Columbus Day.

**October 11, 2006** --- Board of Equalization meets in Sacramento.

**November 1, 2006** --- Last day to apply for an absentee ballot for the general election.

**November 7, 2006** --- General election day.

**November 11, 2006** – Veterans' Day.

**November 15, 2006** --- Board of Equalization meets in Konocti Harbor.

**November 20-21, 2006** -- Board of Equalization meets in Sacramento.

**November 23, 2006** --- Thanksgiving Day.

**December 4, 2006** --- The 2007-08 Regular Session of the Legislature convenes for an organizational session at 12 noon (Art. IV, Sec. 3(a)).

## **NOTABLE DATES/ HISTORY**

**October 2, 1967** --- Thurgood Marshall, solicitor general of the U.S. Court of Appeals, was sworn in as the first African-American justice of the U.S. Supreme Court.

**October 3, 1922** --- Rebecca L. Felton of Georgia became the first female senator in U.S. history as an interim appointment for one day.

**October 3, 1990** ---East and West Germany were formally reunited.

**October 4, 1909** ---The first airship race in the United States began in St. Louis, Missouri. Four hydrogen-filled dirigibles competed for a prize of \$5,000. Two completed a short course.

**October 5, 1947** --- Harry S. Truman delivered the first televised presidential address.

**October 5, 2001** --- Slugger Barry Bonds of the San Francisco Giants set the single-season record for home runs with his 71st and 72nd. Bonds hit number 73 two days later in the season's final game.

**October 6, 1781** --- Americans and French begin the siege of Cornwallis at Yorktown, which was last battle of the Revolutionary War

**October 7, 1765** --- Delegates from nine American colonies met in New York City to respond to the Stamp Act. The Stamp Act Congress issued the Declaration of Rights and Grievances, which resolved to boycott goods subject to the tax.

**October 7, 1868** --- Republicans denounced Democratic Party's national campaign theme: "This is a white man's country: Let white men rule."

**October 7, 2003** --- Voters in a special election recalled Governor Gray Davis and elected Arnold Schwarzenegger to replace him.

**October 8, 1860** --- A telegraph line between Los Angeles and San Francisco opened.

**October 8-10, 1871** --- The great Chicago fire killed 250 people, left 90,000 homeless, and destroyed four square miles of the city.

**October 8, 1962** --- North Korea reported 100% election turnout and 100% vote for Workers' Party.

## GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115  
TDD service for the hearing impaired  
TDD phones: 800-735-2929  
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

## HOW TO CONTACT ME

Bill Leonard, Member  
State Board of Equalization, Second District  
Email: [bill.leonard@boe.ca.gov](mailto:bill.leonard@boe.ca.gov)

Northern California Office:

400 Capitol Mall, Suite 2340  
Sacramento, CA 95814  
Telephone: (916) 445-2181  
Fax: (916) 327-4003

Southern California Office:  
4295 E. Jurupa Ave., Ste. 204  
Ontario, CA 91761-1428

Telephone: (909) 937-6106  
Fax: (909) 937-7044